#### I. **INTRODUCTION**

- 1. For years, Defendant SidePrize LLC d/b/a PrizePicks ("PrizePicks"), has been operating mobile gambling applications and websites within California (collectively, the "Gambling Websites"), representing to customers and the public that its daily fantasy sports contests, such as "Pick 'Em," are legal forms of gambling in California. They are not.
- 2. Plaintiffs Justin Franks and Jack Bacigalupi (together "Plaintiffs"), on behalf of themselves and the proposed class of similarly situated Californians, bring this lawsuit to stop the unlawful gambling that occurs on PrizePicks' Gambling Websites in California and to recover the money that PrizePicks has unlawfully taken from them.

#### II. **PARTIES**

#### Plaintiffs. Α.

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- 3. At all times relevant to this action, Plaintiff Justin Franks was over the age of 18 and was a resident of San Francisco, California.
- 4. At all times relevant to this action, Plaintiff Jack Bacigalupi was over the age of 18 and was a resident of San Francisco, California.

#### В. Defendants.

- 5. Defendant SidePrize LLC d/b/a PrizePicks is a Georgia Limited Liability Corporation with its headquarters in Atlanta, Georgia. According to its website, "PrizePicks [is] the largest daily fantasy sports operator in North America."
- 6. PrizePicks regularly conducts business within California and this District, including by running the Gambling Websites that are the subject of this litigation.
- 7. On information and belief, Does 1-20 are individuals and/or entities who facilitate PrizePicks' unlawful practices described in this Complaint. The identities of Does 1-20 are not presently known to Plaintiffs. The Doe defendants, along with defendant PrizePicks, are collectively referred to in this Complaint as "Defendants."

<sup>&</sup>lt;sup>1</sup> https://www.prizepicks.com/press-news/prizepicks-teams-up-with-the-san-francisco-giants-asofficial-daily-fantasy-sports-partner (last visited June 10, 2025).

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8. Plaintiffs expressly reserve their right to amend this Complaint to add the Doe defendants by name, once their identities are known.

#### III. <u>JURISDICTION AND VENUE</u>

- 9. This Court has subject matter jurisdiction over this action pursuant to the Class Action Fairness Act, 28 U.S.C. § 1332(d), because there exists minimal diversity between class members and Defendants and because the amount in controversy exceeds \$5,000,000, exclusive of interest and costs.
- 10. The United States District Court for the Northern District of California has personal jurisdiction over the parties in this matter because Plaintiff Franks resides in San Francisco County and Plaintiff Bacigalupi also resides in San Francisco County. PrizePicks regularly conducts business within this District, including by engaging in the unlawful gambling practices that are at the center of this action.
- 11. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(c) because Plaintiff Franks resides in San Francisco County and Plaintiff Bacigalupi also resides in San Francisco County, and PrizePicks' unlawful actions, which are the subject of this action, occurred in San Francisco County, among other locations within California.
- 12. Pursuant to California Civil Code Section 1780(d), a declaration from Plaintiff Bacigalupi is attached as **Exhibit A** confirming that venue is proper.

## IV. <u>DIVISIONAL ASSIGNMENT</u>

13. Pursuant to Local Rules 3.2(c) and 3.5(b), Plaintiffs further state that assignment to the San Francisco and Oakland Division of this Court is proper because Plaintiff Franks resides in San Francisco County and Plaintiff Bacigalupi also resides in San Francisco County, and many of the events at issue in this lawsuit occurred in San Francisco County, which pursuant to Local Rule 3-2(d) provides for assignment to this Division.

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### V. <u>FACTUAL ALLEGATIONS</u>

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## A. California's Longstanding Ban on Gambling.

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in relevant part that "[e]very person who . . . conducts, either as owner or employee . . . any banking

For over 150 years, California has broadly prohibited commercialized gambling.

For example, in 1872, California enacted Penal Code Section 330, which provides

or percentage game played with . . . any device, for money, checks, credit, or other representative

of value . . . is guilty of a misdemeanor." CAL. PENAL CODE § 330 (emphasis added).

16. A "banking game" refers to a situation where the "house" is a participant in the game, taking on all contestants, paying all winners, and collecting from all losers. *See Sullivan v. Fox*, 189 Cal. App. 3d 673, 678 (1987). And a "percentage game" refers to a situation where the house collects a portion of the bets or wagers made by contestants, but is not directly involved in game play. *See id. at* 679.

- 17. Similarly, California Penal Code Section 337a prohibits additional conduct, including:
  - "Pool selling or bookmaking, with or without writing, at any time or place."

    CAL. PENAL CODE § 337a(a)(1) (emphasis added).
  - "[R]eceiv[ing], hold[ing], or forward[ing] . . . in any manner whatsoever, any money . . . staked, pledged, bet or wagered, or to be staked, pledged, bet or wagered, or offered for the purpose of being staked, pledged, bet or wagered, upon the result, or purported result, of any trial, or purported trial, or contest, or purported contest, of skill, speed or power of endurance of person or animal, or between persons, animals, or mechanical apparatus, or upon the result, or purported result, of any lot, chance, casualty, unknown or contingent event whatsoever." Id. at (a)(3) (emphasis added).
  - "[A]t any time or place, record[ing], or register[ing] any bet or bets, wager or wagers, upon the result, or purported result, of any trial, or purported trial, or contest, or purported contest, of skill, speed or power of endurance of person or animal, or between persons, animals, or mechanical apparatus, or upon the

result, or purported result, of any lot, chance, casualty, unknown or contingent event whatsoever." Id. at (a)(4) (emphasis added).

- "[O]ffer[ing] or accept[ing] any bet or bets, or wager or wagers, upon the result, or purported result, of any trial, or purported trial, or contest, or purported contest, of skill, speed or power of endurance of person or animal, or between persons, animals, or mechanical apparatus." Id. at (a)(6) (emphasis added).
- 18. The terms used in Section 337a have their commonsense meanings. For example, the California Court of Appeal has explained that "[p]ool selling' is the selling or distribution of shares or chances in a wagering pool," such as when money wagered by all participants is combined into a single pool and the winnings are distributed based on predetermined rules. *See Finster v. Keller*, 18 Cal. App. 3d 836, 846 (1971) (cleaned up). And "[b]ookmaking' is the making of a betting book and includes the taking of bets, [and] [t]he taking of one bet is sufficient" to constitute "bookmaking." *People v. Thompson*, 206 Cal. App. 2d 734, 739 (1962) (cleaned up).
- 19. Similarly, "bet" and "wager" have their commonsense meanings. For example, the Judicial Council of California Criminal Jury Instructions (2025 Edition) provides that a "bet is a wager or agreement between two or more people that if an uncertain future event happens, the loser will pay money to the winner or give the winner something of value. A bet includes a wager made on the outcome of any actual or purported event, including but not limited to any kind of sporting contest." CALCRIM No. 2993, Receiving or Holding Bets (CAL. PENAL CODE § 337a(a)(3)) (cleaned up).<sup>2</sup>
- 20. "Bets" and "wagers" include entry fees paid in online fantasy sports. *Los Angeles Turf Club v. Horse Racing Labs, LLC*, 2017 WL 11634526, at \*8 (C.D. Cal. May 15, 2017).
- 21. Put simply, a company violates California Penal Code Section 337a when it engages in pool selling, bookmaking, or accepts or records any bets or wagers on the result of any contest

<sup>&</sup>lt;sup>2</sup> Available online at <a href="https://www.justia.com/criminal/docs/calcrim/2900/2993/">https://www.justia.com/criminal/docs/calcrim/2900/2993/</a> (last visited June 10, 2025).

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and/or any unknown or contingent event whatsoever—including, without limitation, bets associated with the performance of persons, such as in fantasy sports.<sup>3</sup>

- 22. Moreover, various sections of the California Penal Code prohibit "lotteries" and "games of chance."
- 23. For example, Penal Code Sections 320 and 321 make the operation of a lottery unlawful: "Every person who contrives, prepares, sets up, proposes, or draws any lottery, is guilty of a misdemeanor" and "[e]very person who sells, gives, or in any manner whatever, furnishes or transfers to or for any other person any ticket, chance, share, or interest, or any paper, certificate, or instrument purporting or understood to be or to represent any ticket, chance, share, or interest in, or depending upon the event of any lottery, is guilty of a misdemeanor." Penal Code Section 319 defines a lottery broadly to include "any scheme for the disposal or distribution of property by chance, among persons who have paid or promised to pay any valuable consideration for the chance of obtaining such property or a portion of it, or for any share or any interest in such property, upon any agreement, understanding, or expectation that it is to be distributed or disposed of by lot or chance, whether called a lottery, raffle, or gift enterprise, or by whatever name the same may be known." CAL. PENAL CODE § 319.
- Similarly, Penal Code Section 330a makes it unlawful to own or operate any "contrivance, appliance, or mechanical device, upon the result of action of which money or other valuable thing is staked or hazarded . . . [that] is won or lost . . . dependent upon hazard or chance." CAL. PENAL CODE § 330a.
- And Penal Code Section 337j makes it unlawful to operate a "game of chance" or 25. to "receive, directly or indirectly, any compensation" for operating such a game "without having

<sup>&</sup>lt;sup>3</sup> While Section 337a violations are reduced to infractions in certain circumstances for noncommercial gambling in amounts below \$2,500, the Section 337a reductions expressly do "not apply to . . . [a]ny bet, bets, wager, wagers, or betting pool or pools made online." CAL. PENAL CODE § 336.9(b)(1).

<sup>&</sup>lt;sup>4</sup> CAL. PENAL CODE § 320.

<sup>&</sup>lt;sup>5</sup> CAL. PENAL CODE § 321.

<sup>&</sup>lt;sup>6</sup> Gus Garcia-Roberts, *Inside the \$400 million fight to control California sports betting*, WASH. Post (Nov. 3, 2022), <a href="https://www.washingtonpost.com/sports/2022/11/03/prop-26-27-california-sports-betting/">https://www.washingtonpost.com/sports/2022/11/03/prop-26-27-california-sports-betting/</a> (last visited June 10, 2025).

translated into substantial revenue, with DFS platforms raking in approximately \$200 million in 1 entry fees annually [in California]."8 2 37. In response to these massive ongoing daily fantasy sports betting operations in 3 4 California, on or about October 5, 2023, State Senator Scott Wilk wrote to the California Department of Justice and requested an investigation into daily fantasy sports betting: 5 6 I write to request a legal opinion as to whether California law prohibits the offering and operation of daily fantasy sports betting 7 platforms with players physically located within the State of California, regardless of whether the operators and associated 8 technology are located within or outside of the State. 9 Pursuant to California law, no one may operate "any game of chance" without the required federal, state, and local licenses. No one 10 has "the right to operate a gambling enterprise except as may be expressly permitted by the laws of this state and by the ordinances of 11 local governmental bodies." 12 In 2022, California voters overwhelmingly rejected Proposition 27 to legalize online sports wagering. Although sports wagering in all 13 forms remains illegal in California, online daily fantasy sports betting is proliferating throughout the state. Through these online 14 platforms, a participant pays to enter a contest in which they may win a prize depending on how well athletes perform. Although the 15 participant may utilize their knowledge of a particular sport in choosing their "team" of players, how well those players perform 16 during a game is completely out of the participant's control. As such, daily fantasy sports appears to be a game of chance not otherwise 17 permitted by the laws of California. (Cleaned up; footnotes omitted; emphasis added).<sup>9</sup> 18 19 /// /// 20 /// 21 22 23 24 <sup>8</sup> Unfenced Playground: A Peek into California's Daily Fantasy Sports Landscape, California 25 Business Journal, available online at https://calbizjournal.com/unfenced-playground-a-peek-intocalifornias-daily-fantasy-sports-26 landscape/#:~:text=In%20fact%2C%20California%20residents%20are,million%20in%20entry% 20fees%20annually (last visited June 10, 2025). 27 A copy of the letter is publicly available online at https://www.legalsportsreport.com/wpcontent/uploads/2023/11/OU-23-1001-Sen.-Wilk-request-1.pdf (last visited June 10, 2025). 28

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38. Consistent with the Senator's request, the California Department of Justice directed the Attorney General's Opinion Unit to address the following question:

Does California law prohibit the offering and operation of daily fantasy sports betting platforms with players physically located within the State of California, regardless of whether the operators and associated technology are located within or outside of the State?

Opinion Request No. 23-1001.<sup>10</sup>

- 39. Online sports betting operators, including PrizePicks, are well aware of the pending opinion, having submitted materials to the Attorney General's Office arguing for the supposed legality of the practices. Many other entities, including Native American Tribes, have submitted materials to the Attorney General's office showing the unlawful nature of the practices.
- 40. As of the time of the filing of this lawsuit, no opinion has been issued from the Attorney General's Office.<sup>11</sup>

#### D. PrizePicks' California Fantasy Sports Gambling Operations.

41. PrizePicks has been operating in California for years through the Gambling Websites, which consist of at least the PrizePicks mobile apps for Android and IOS and the PrizePicks website, PrizePicks.com, and associated subpages. The primary gambling product that PrizePicks currently offers in California is "Pick 'Em," which PrizePicks describes as a form of daily fantasy sports, even though the contests are played entirely against the "house" (i.e., PrizePicks) and not against other users of the Gambling Websites. PrizePicks represents to its customers that "Pick 'Em" is legal in the state. It is not.

<sup>10</sup> Available online at <a href="https://oag.ca.gov/opinions/monthly-report">https://oag.ca.gov/opinions/monthly-report</a> (last visited June 10, 2025).

<sup>&</sup>lt;sup>11</sup> Plaintiffs' counsel have "subscribed" to the Legal Opinions of the Attorney General Monthly Opinion Report and understand that they will receive an email notification once an opinion issues. Plaintiffs' counsel will promptly notify the Court regarding any relevant updates they receive.

#### 1. What Is PrizePicks and "Pick 'Em"?

42. PrizePicks features a landing page on its website captioned, "What is PrizePicks?" There, PrizePicks explains that "PrizePicks is daily fantasy made easy. It's just you against the numbers. Members predict more or less on between 2 and 6 player squares of their choice. The more picks they correctly predict, the more money they win! Payouts on PrizePicks can be as high as 25X!:"

### What is PrizePicks?

When people hear the words "daily fantasy sports," they think of drafting lineups, salary caps, and competing against thousands of other players, including sharks, all for the slim chance to win a small piece of the pie.

PrizePicks is daily fantasy made easy. It's just you against the numbers. Members predict more or less on between 2 and 6 player squares of their choice. The more picks they correctly predict, the more money they win! Payouts on PrizePicks can be as high as 25X!

Not a member yet? Sign up for PrizePicks using promo code "PrizePlay" for \$50 instantly when you play your first \$5 lineup!

Take a look at today's board and pick your favorite plays!

43. PrizePicks goes on to provide a step-by-step guide on how to gamble with it:

# **How to Play PrizePicks**

PrizePicks is the easiest way to play daily fantasy. Getting started is very simple - You sign up for an account and then deposit a minimum of \$10. Then:

- 1. Pick between 2-and-6 player squares. You can pick from a wide variety of sports and stat-types, and even mix and match different sports in one lineup!
- 2. Pick more or less on each player square you pick.
- 3. Choose Flex Play or Power Play. Power Plays have higher payouts, but all your picks must win. Flex Plays are the safer option, giving you a chance to win even if one or two of your picks lose.
- 4. Choose your entry fee. The minimum entry fee is \$1. You'll be able to see how much your lineup would payout.
- 5. Submit your lineup and sweat it in real-time! If your picks turn green, you're winning!

Check out this in-depth guide on how to play PrizePicks to start building your bankroll instantly!

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 $<sup>\</sup>frac{12}{\rm https://www.prizepicks.com/resources/what-is-prizepicks-how-to-play-promo-code}$  (last visited June 10, 2025).

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44. If the user follows the link to the "in-depth guide" on how to play Pick 'Em, PrizePicks elaborates that after setting up an account that the user chooses the 2-6 players and statistics to bet on:

#### 4. Choose 2-6 player statistics Now it's time for the fun part! Simply choose 2-6 player stats of your choice to get started. 2 or 3 stats is the safest route, but 5 or 6 leads to higher potential payouts. If you already know a player you want to pick, you can type their name in the search bar. However, you can also browse through our "board" of squares, separated by league and Your options are endless. PrizePicks has a wide variety of sports, including the NBA, NFL, MLB, NHL, WNBA, College Sports, PGA, Tennis, and several esports titles. Within those markets, PrizePicks offers many stat categories. For example, NBA stats on PrizePicks include points, rebounds, assists, points + rebounds + assists, fantasy points, free throws, and three-pointers. 9:41 PRIZEPICKS \$ 537.50 + € CS2 ⊖ NHL UFC WBA 曹 15 **Austin Reaves** Shai Gilgeous-Alexander Sidney Crosby @MIN 8:00pm Cur. 9 14.5 points **27.5** points 3.5 hits **↓ Less** ↑ More ↑ More ↑ More

45. From there, the user is directed to "pick more or less" on each player—in other words select the "over" or the "under" on the statistical line:

## 5. Pick More or Less

Pick more or less on each of the squares in your lineup. Get them right and you win BIG. It's that easy.

If you need some extra help, you can click the three lines next to a player's projection to pull up their stats from their last 5 games, as well as their average during that span.

- 46. The statistical line is set by PrizePicks, not any user.
- 47. Next, the user is directed to "pick flex or power play" and is provided explanations of what each is:

# Pick Flex or Power Play

PrizePicks has two types of lineups: Flex Plays and Power Plays.

If you're feeling very confident in your picks, make it a Power Play. Every pick in your lineup needs to win in order for a Power Play to win. If even one pick loses, the lineup loses. However, the higher risk is negated by higher payouts. 4-Pick Power Plays on PrizePicks payout 10x your money with standard payouts!

Flex Plays are the safer way to play. One or two of your picks can lose and you can still get paid out. For example, 6-of-6 on a standard 6-Pick Flex Play pays out 25x. But you still double your money if you go 5/6, and you'll get nearly half of your entry fee back (0.4x) for going 4/6.

<sup>13</sup> https://www.prizepicks.com/resources/how-to-play-prizepicks (last visited June 10, 2025).

PrizePicks and not based on the results of any other fantasy user's performance:

5	Play Now Pro	omos > How to Play > Sign Up Log In	
6	Power Plays: Maximum Payouts		
7	If you want the biggest payouts on PrizePicks, Power Plays are the way to go. You can use 2-6 player picks in your Power Play Lineup. If you hit every pick in your Lineup, the payout stacks up. If any pick misses, the Lineup doesn't win.		
8	Note: if a player in your Lineup doesn't play (DNP) or ties, your payout adjusts to Here are the standard Power Play payouts on PrizePicks for both Pick 'Em and P		
	With PrizePicks Arena, there are more ways to win with the Group Payout. Both O	Group and Winning Lineup payouts are always same.	
9	PrizePicks Payouts: Power Play		
10	Here are the standard payouts for Power Play Lineups on PrizePicks Pick 'Em an	d Pick 'Em Arena.	
10	Lineup	Payout	
11	6-Pick	37.5x	
	5-Pick	20x	
12	4-Pick	10x	
13	3-Pick	6x	
13	2-Pick	3x	
14	Flex Plays: More Ways to Win		
	Power Plays are great for going for the bigger payouts. But Flex Plays give you n	nore ways to win, as you can miss one or two picks and still get paid out.	
15	Here are the standard payouts for Flex Play Lineups on PrizePicks Pick 'Em and I	Pick 'Em Arena.	
16	Lineup	Payout	
10	6-Pick	6/6 - 25x 5/6 - 2x	
17	O'T ILA	4/6 - 0.4x	
- ,		5/5 - 10x	
18	5-Pick	4/5 - 2x 3/5 - 0.4x	
19	4-Pick	4/4 - 6x 3/4 - 1.5x	
20	3-Pick	3/3 - 3x 2/3 - 1x	

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26 Men make up more than 2/3 of sports bettors in the United States. See <a href="https://bircheshealth.com/resources/sports-betting-demographics-in-the-u-s">https://bircheshealth.com/resources/sports-betting-demographics-in-the-u-s</a> (last visited June 10, 2025).

<sup>&</sup>lt;sup>15</sup> <u>https://www.prizepicks.com/resources/prizepicks-payouts</u> (last visited June 10, 2025).

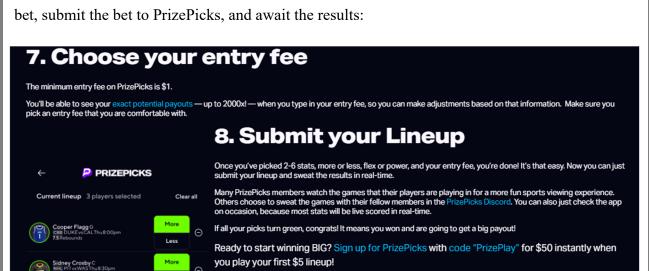
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nce: \$525.50 Promo: \$10.00 Free lineup: 0

Auto-accept changing projection lines.

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Finally, returning to the step-by-step guide, the user is told to choose the amount to

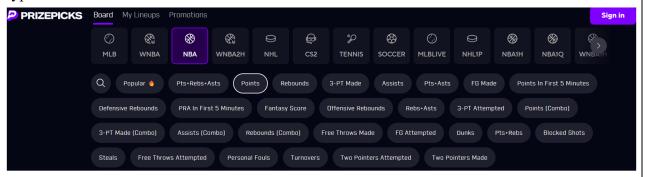
Here are step-by-step examples of a Pick 'Em transactions conducted from a desktop 50. computer on PrizePicks.com and then from the PrizePicks app.

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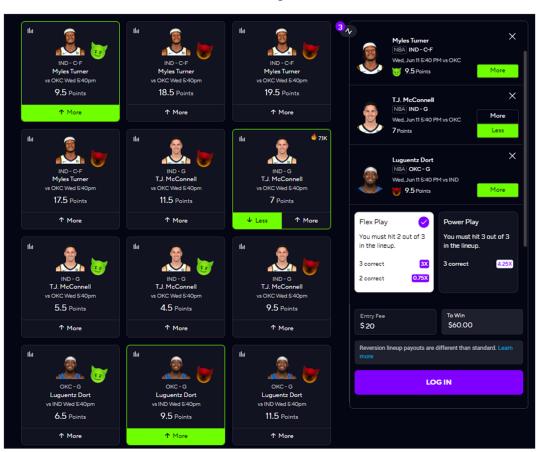
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#### a. A Sample Desktop Pick 'Em Transaction.

- 51. Here is a step-by-step example of a Pick 'Em transaction conducted from a desktop computer.
- 52. **First,** the user selects the sporting types (e.g., MLB, NBA, WNBA) and statistic types to bet on:



53. **Second,** the user selects specific athletes, and whether to bet "more" (the "over") or "less" (the "under") on each athlete's performance. Here the user has selected the NBA as the sport, decided to bet on the category of "total points," and then selected the "over" on Myles Turner, the "under" on T.J. McConnell, and the "over" on Luguentz Dort:

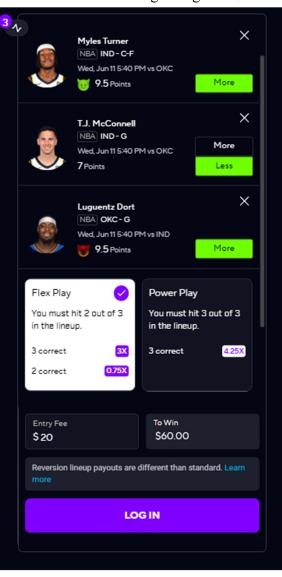


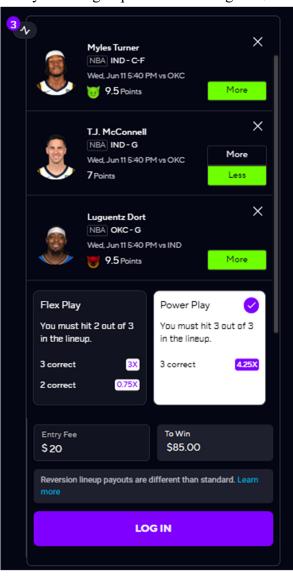
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- 54. The statistical line for each player that the user is betting the "over" or "under" on is determined by PrizePicks, not the user.
- 55. **Third,** the user chooses whether to play "Flex Play" or "Power Play." It is only after the wager amount is selected that the user is informed of the potential winnings. Here are two examples, one reflecting a potential bet of \$20 on Flex Play resulting in potential winnings of \$60, and the second reflecting a wager of \$20 on Power Play resulting in potential winnings of \$85:





- 56. **Fourth,** if the user completes the wager, he has a chance to win based on the betting line and terms set by PrizePicks. He has no ability to change or modify the outcome of the Pick 'Em contest once his bet is placed, and other PrizePicks' users' performances do not have any impact on the outcome of the contest. Only the athletes' actual performances in the selected statistical category (i.e., at the live sporting event) determine the outcome of the Pick 'Em contest.
- 57. **Finally**, after the underlying sports competitions resolve, PrizePicks uses its records (i.e., its betting book) to determine the winners and losers and make payments to winners from its funds (i.e., from the "house" or "bank").
- 58. Ultimately, regardless of which Pick 'Em sporting event type PrizePicks customers select, the specific athletes' "overs" and "unders" chosen, or the amounts bet, the customers have no control over the outcome of the contest they have wagered on. The outcome is determined entirely based on athletes' actual in-game performances (i.e., the athletes' performance in the actual underlying sporting events) and are entirely outside of the customers' control.
- 59. Put simply, the outcomes of the Pick 'Em contests are contingent and unknown at the time the bets and wagers are collected and recorded (i.e., booked) by PrizePicks. And as a result, PrizePicks' Pick 'Em contests violate California Penal Code Sections 319, 320, 321, 330, 330a, 337a, and 337j. 16

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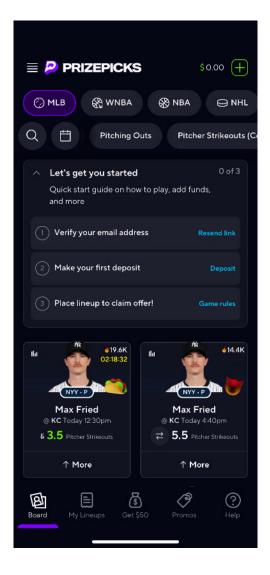
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<sup>&</sup>lt;sup>16</sup> Plaintiffs note that they are specifically authorized by Federal Rule of Civil Procedure Rule 8(d)(2) to make their allegations in the alternative, and accordingly, allege that the gambling contests offered in California by PrizePicks constitute games of "chance' for purposes of those Penal Code Sections that prohibit lotteries and/or other games of chance, and constitute games of skill, to the extent skill is found to be a necessary element of certain claims made under Penal Code Section 337a or otherwise.

## b. A Sample PrizePicks App Pick 'Em Transaction.

- 60. The process on the mobile apps is substantively identical.
- 61. **First,** the user selects the sporting types (e.g., MLB, NBA, WNBA) and statistic types to bet on. Here the user has selected the MLB and "pitcher strikeouts" and "hitter fantasy score:"



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**Second**, the user selects specific athletes, and whether to bet the "over" or "under"

on each athlete. Here the user has selected the "over" on Max Fried, the "over" on Pete Alonso,

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and the "under" for MacKenzie Gore.

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🗏 🔑 PRIZEPICKS \$0.00 [+] 曲 Pitcher Strikeouts (C Pitching Outs Max Fried Max Fried 3.5 Pitcher Strikeouts 5.5 Pitcher Strikeouts ↑ More ↑ More ◆11.2K MacKenzie Gore Pete Alonso @ NYM Today 4:10pm 17.5 Pitching Outs ↑ More ↑ More Pays up to 5.25X 3 (?)

63. The statistical line for each player that the user is betting the "over" or "under" on is determined by PrizePicks, not the user.

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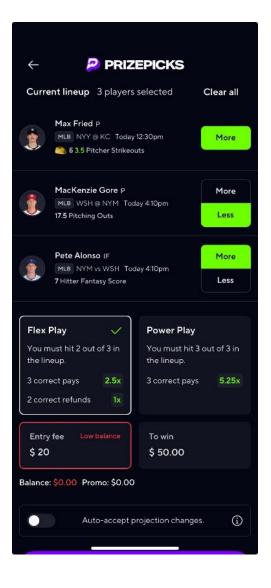
64. **Third,** the user chooses how much to bet, and whether to bet on "Flex Play" or "Power Play." It is only after the wager amount is selected that the user is informed of the potential winnings. Here are two examples, one reflecting a wager of \$20.00 resulting in potential winnings of \$50.00 under "Flex Play" and the second reflecting a bet of \$20.00 resulting in potential winnings of \$105.00 under "Power Play".

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← PRIZ	EPICKS
Current lineup 3 players	selected Clear all
Max Fried P  MLB NYY © KC Today  5 3.5 Pitcher Strikeo	
MacKenzie Gore P MLB WSH @ NYM Tod 17.5 Pitching Outs	More Less
Pete Alonso IF  MLB NYM vs WSH Too  7 Hitter Fantasy Score	More Less
Flex Play	Power Play ✓
You must hit 2 out of 3 in the lineup.	You must hit 3 out of 3 in the lineup.
3 correct pays 2.5x 2 correct refunds 1x	3 correct pays 5.25x
Entry fee Low balance \$ 20	To win \$ 105.00
Balance: \$0.00 Promo: \$0.00	
Auto-accept p	rojection changes.

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- 65. **Fourth,** if the user completes the wager, he has a chance to win based on the betting line and terms set by PrizePicks. He has no ability to change or modify the outcome of the contest once his bet is placed, and other users' performances do not have any impact on the outcome of the contest. Only the athletes' actual performances in the selected statistical category (i.e., at the live sporting event) determine the outcome of the Pick 'Em contest.
- Finally, after the underlying sports competitions resolve, PrizePicks uses its records 66. (i.e., its betting book) to determine the winners and losers and make payments to winners from its funds (i.e., from the "bank").
- 67. Ultimately, regardless of which Pick 'Em sporting event type PrizePicks customers select, the specific athletes' "overs" and "unders" chosen, or the amounts bet, the customers have no control over the outcome of the contest they have wagered on. The outcome is determined entirely based on athletes' actual in-game performances (i.e., the athletes' performance in the actual underlying sporting events) and are entirely outside of the customers' control.
- 68. Put simply, the outcomes of the Pick 'Em contests are contingent and unknown at the time the bets and wagers are collected and recorded (i.e., booked) by PrizePicks. And as a result, PrizePicks' Pick 'Em contests violate California Penal Code Sections 319, 320, 321, 330, 330a, 337a, and 337i.<sup>17</sup>
  - 2. PrizePicks Illegal Pick 'Em Contests Differ Significantly from Traditional **Fantasy Sports.**
- 69. Traditional fantasy sports were played between friends and family over the course of a sports season, for small amounts of collectively pooled money or for no money at all.
- 70. PrizePicks Pick 'Em product is not a true fantasy game in any regard because PrizePicks sets the lines for the "overs" and "unders" on each statistic that is bet upon by the users,

<sup>&</sup>lt;sup>17</sup> Plaintiffs note that they are specifically authorized by Federal Rule of Civil Procedure Rule 8(d)(2) to make their allegations in the alternative, and accordingly, allege that the gambling contests offered in California by PrizePicks constitute games of "chance' for purposes of those Penal Code Sections that prohibit lotteries and/or other games of chance, and constitute games of skill, to the extent skill is found to be a necessary element of certain claims made under Penal Code Section 337a or otherwise.

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and the users play against PrizePicks (the "house") and not other users for an opportunity to win PrizePicks' money.

- 71. Here are several other examples of critical differences of how Pick 'Em differs from traditional fantasy sports.
- 72. First, unlike traditional fantasy sports that are played between friends and family, PrizePicks Pick 'Em sets up contests between the users and PrizePicks—who serves as the housethrough its Gambling Websites.
- 73. Second, unlike traditional fantasy sports, in Pick 'Em, PrizePicks collects, documents (i.e., books), and holds all bets and wagers, and then PrizePicks uses its records (i.e., PrizePicks' betting book) to determine winners and losers and to calculate payouts.
- 74. Third, unlike traditional fantasy sports, in Pick 'Em, PrizePicks serves as the "house," taking on all contestants, paying all winners, and collecting from all losers.
- 75. Fourth, unlike traditional fantasy sports, in Pick 'Em, the "over" and "under" lines are all set by PrizePicks, just as in a traditional sports book betting gambling operation.
- 76. **Fifth,** unlike traditional fantasy sports, Pick 'Em has the effect of creating a "parlay" structure, where a user has to correctly select multiple independent outcomes in order to win his bet against PrizePicks.
- 77. Sixth, unlike traditional fantasy sports, which generally last throughout an entire sports season (e.g., the NFL regular football season), daily fantasy sports such as Pick 'Em, generally involve short periods of participation and are designed to entice multiple rounds of repeat betting over the course of a day, a weekend, or a week.<sup>18</sup>
- 78. Finally, unlike traditional fantasy sports, in Pick 'Em, PrizePicks offers users the opportunity to enter contests across a multitude of sporting types at the same time. For example, in

<sup>&</sup>lt;sup>18</sup> In fact, the sports betting industry is facing lawsuits across the country related to the addictive nature of their online betting platforms. While those claims are not at issue in this lawsuit, the California legislature has also expressly noted the addictive nature of gambling: "Gambling can become addictive and is not an activity to be promoted or legitimized as entertainment for children and families." Cal. Bus. & Prof. Code § 19801(c).

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June 2025, PrizePicks offered contests on MLB, the WNBA, the NBA, NHL, Tennis, Soccer, the PGA, NFL, MMA, Darts, and Cricket, among others, on the Gambling Websites in California.

- 79. Ultimately, regardless of which Pick 'Em sporting event type PrizePicks' customers select, the specific athletes' "overs" and "unders" chosen, or the amounts bet, the customers have no control over the outcome of the contest they have wagered on. The outcome is determined entirely based on athletes' actual in-game performances (i.e., the athletes' performance in the actual underlying sporting events) and are entirely outside of the customers' control.
- 80. Put simply, the outcomes of the Pick 'Em contests are contingent and unknown at the time the bets and wagers are collected and recorded (i.e., booked) by PrizePicks. And as a result, PrizePicks' Pick 'Em contests violate California Penal Code Sections 319, 320, 321, 330, 330a, 337a, and 337i. 19
  - 3. PrizePicks Solicits California Users Through a Comprehensive Advertising Campaign that Is Specifically Directed at California Consumers.
- 81. Online fantasy sports bet operators spend billions of dollars each year on advertising and marketing,<sup>20</sup> with MediaRadar reporting that PrizePicks alone spends over \$100 million a year.<sup>21</sup>
- The reason PrizePicks spends over \$100 million each year on advertisements and 82. marketing is to expand and maintain its userbase, including within California, which is the largest daily fantasy market in the country.

Plaintiffs note that they are specifically authorized by Federal Rule of Civil Procedure Rule 8(d)(2) to make their allegations in the alternative, and accordingly, allege that the gambling contests offered in California by PrizePicks constitute games of "chance' for purposes of those Penal Code Sections that prohibit lotteries and/or other games of chance, and constitute games of skill, to the extent skill is found to be a necessary element of certain claims made under Penal Code Section 337a or otherwise.

<sup>&</sup>lt;sup>20</sup> How Much Sportsbooks Spend on Marketing (2025 Updated Stats!), available online at https://www.scaleo.io/blog/how-much-sportsbooks-spend-on-marketing-2024-updated-stats/ (last visited June 10, 2025)

<sup>&</sup>lt;sup>21</sup>https://www.mediaradar.com/blog/blog/q4-2023-12-for-24-gambling (last visited June 10, 2025)

83. Examples of PrizePicks' advertising and marketing tactics within California include sponsorship of established California sports teams. For example, PrizePicks prominently features on its website that it is an official partner of the San Franscisco Giants and the San Diego Padres:





84. PrizePicks issued a press statement on April 24, 2025 regarding the partnership with the San Francisco Giants,<sup>22</sup> which among other things stated that:

As part of the multi-year partnership, *PrizePicks branding will be showcased prominently throughout Oracle Park* with rotating signage behind home plate and LED signage on each baseline.

PrizePicks logos will be featured across the K-Counter in right field, creating an interactive experience for fans in the ballpark.

Fans seated on top of the right field wall near the strikeout counter will have the opportunity to flip over the PrizePicks branded signs, revealing a "K" for each strikeout earned by a Giants pitcher.

When Giants pitchers combine for 12 strikeouts in a home game, fans can participate in a text-to-enter promotion with the chance to win a \$12,000 free PrizePicks lineup and tickets to a future Giants game at Oracle Park.

(Emphasis and paragraph breaks added.)

<sup>&</sup>lt;sup>22</sup> https://www.prizepicks.com/press-news/prizepicks-teams-up-with-the-san-francisco-giants-as-official-daily-fantasy-sports-partner (last visited June 10, 2025).

- 85. In short, according to the press statement, all attendees of Giants games in San Francisco, California will now be "prominently" subjected to PrizePicks' gambling solicitations.
- 86. PrizePicks also put out a similar press release regarding the San Diego Padres, including similar in-stadium sponsorship at the Padres' California stadium, that will lead all attendees of those games in California to be subject to PrizePicks' gambling solicitations.<sup>23</sup>
- 87. PrizePicks also runs extensive traditional TV advertisements featuring celebrities and promotional offers to attract new customers, with many of those ads run in California and explicitly identifying the availability of PrizePicks in California:<sup>24</sup>



<sup>23 &</sup>lt;u>https://www.prizepicks.com/press-news/prizepicks-announces-official-partnership-with-sandiego-</u>

padres#:~:text=PrizePicks%20Announces%20Official%20Partnership%20with%20San%20Dieg o%20Padres,-

April%2023%2C%202025&text=SAN%20DIEGO%20(April%2023%2C%202025,Official%20 Daily%20Fantasy%20Sports%20Partner (last visited June 10, 2025).

<sup>&</sup>lt;sup>24</sup> For example, PrizePicks ran a TV ad during the 2025 NFL playoffs featuring Rubi Rose that also included a specific portion of the ad identifying the availability of PrizePicks in California. Available online at, <a href="https://www.youtube.com/watch?v=q0wJ2oLNNXI">https://www.youtube.com/watch?v=q0wJ2oLNNXI</a> (last visited June 10, 2025); see also <a href="https://www.youtube.com/@PrizePicks">https://www.youtube.com/@PrizePicks</a> (last visited June 10, 2025) (PrizePicks official YouTube account where video content is posted, including commercials).

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<sup>25</sup>The advertisement appeared at https://www.instagram.com/p/DIwOMS0gEVu/?igsh=NjZiM2M3MzIxNA== (last accessed

June 6, 2025; as of June 10, 2025, the URL was no longer working).

88. PrizePicks also engages in digital advertising, including social media advertising, to target specific demographics and interests. Among other things, many of those ads are specifically directed at Californians.

89. For example, here are screenshots of a California specific video ad for PrizePicks on Instagram,<sup>25</sup> that begins with the speaker stating "California PrizePicks is now available in your state," before going on to advertise PrizePicks' Pick 'Em product and offering bonus signups to California users:



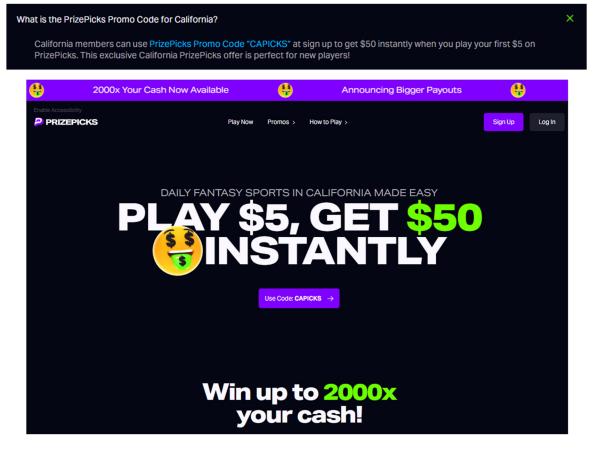




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90. PrizePicks also uses new user bonuses, deposit matches, and referral programs, among other tactics, to incentivize sign-ups. Those bonuses include California-user-specific bonuses:



91. Put simply, PrizePicks has a comprehensive marketing and customer solicitation strategy, that includes soliciting new and existing customers to use PrizePicks in California.

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93. For example, on the main PrizePicks landing page, PrizePicks.com, one of the first images a user encounters is a map showing where PrizePicks is available, which includes California:<sup>26</sup>



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<sup>&</sup>lt;sup>26</sup> The image is in contrast to other gambling products offered by PrizePicks, which it states are not available to California users, as discussed in Paragraphs 103 to 110, below.

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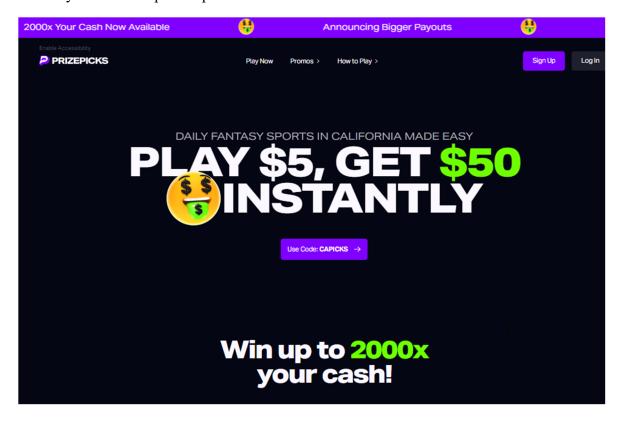
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Similarly, if the user navigates to a tab on the main landing page that reads "Where 94. to play DFS," he is taken a similar landing page,<sup>27</sup> which once again represents that PrizePicks is available in California:



<sup>&</sup>lt;sup>27</sup> https://www.prizepicks.com/resources/states-where-you-can-play-prizepicks (last visited June 10, 2025)

- 95. Below the map, PrizePicks states that "PrizePicks' Daily Fantasy Sports (DFS) contests are widely available across the *U.S. and Canada* in states such as *California*, *Texas* and our home state of *Georgia*. In fact, over 70% of the *U.S.* + *Canadian* populations can currently play on PrizePicks! If you want to play PrizePicks on current events like the NFL, you'll need to know if you are eligible!" (Emphasis and hyperlinks in original.)
- 96. If a user follows the "California" hyperlink, he is taken to the PrizePicks California landing page,<sup>28</sup> which shows PrizePicks is "Daily Fantasy sports in California Made Easy," followed by California-specific promotional offers:



97. The PrizePicks' California landing page can also be accessed through many other links, including directly from Google and other online search engine results.

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<sup>28</sup> <u>https://www.prizepicks.com/states/california</u> (last visited June 10, 2025).

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99. And PrizePicks once again follows up with a map reflecting that PrizePicks is available in California, among 45 other states:



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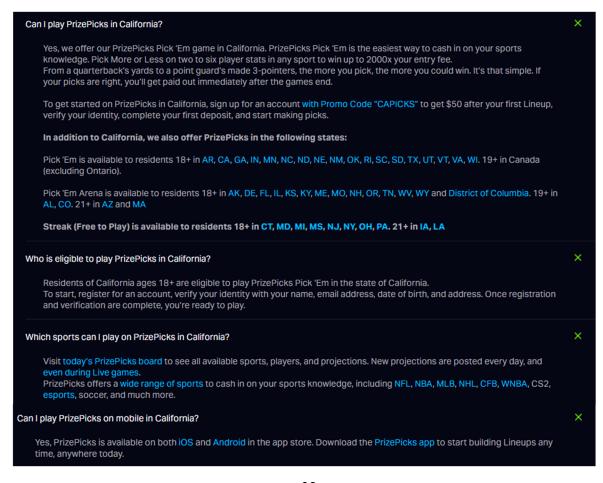
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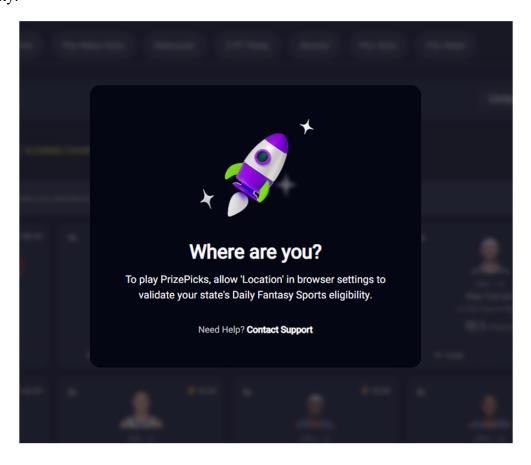
At the bottom of the California landing page, the user is presented with a series of

101. If the user expands the questions, he receives answers assuring him that he can play PrizePicks Pick 'Em in California (and many other states);



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102. Further, if a user attempts to explore the Gambling Websites before creating an account, he is expressly blocked from seeing many webpages until location sharing information is authorized, with PrizePicks stating that it needs to "validate your state's Daily Fantasy Sports eligibility:"



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103. PrizePicks' representations regarding the availability Pick 'Em are in contrast to its representations regarding the availability of its other common products.

104. For example, PrizePicks has a similar "availability map" for its "Streak" product,<sup>29</sup> which reflects the product is not available in California and many other states:



105. And PrizePicks states that it's "Pick 'Em Arena" product is only available in specific select states, excluding California:<sup>30</sup>

# Where Can I Play PrizePicks Arena?

Our Arena game is available to residents 18+ in Alaska, Delaware, Florida, Illinois, Kansas, Kentucky, Maine, Missouri, New Hampshire, Oregon, Tennessee, West Virginia, Wyoming & District of Columbia. 19+ in Alabama, Colorado. 21+ in Arizona and Massachusetts.

PrizePicks fantasy sports contests are widely available across the United States and Canada. In fact, you can play PrizePicks in 45 states. Learn more, including every state where you can play PrizePicks here.

<sup>&</sup>lt;sup>29</sup> https://www.prizepicks.com/streak (last visited June 10, 2025).

<sup>&</sup>lt;sup>30</sup> <a href="https://www.prizepicks.com/resources/how-to-play-prizepicks-pick-em-arena">https://www.prizepicks.com/resources/how-to-play-prizepicks-pick-em-arena</a> (last visited June 10, 2025).

https://www.prizepicks.com/resources/states-where-you-can-play-prizepicks (last visited June

https://www.prizepicks.com/press-news/prizepicks-teams-up-with-the-san-francisco-giants-asofficial-daily-fantasy-sports-partner (last visited June 10, 2025).

<sup>33</sup> https://www.prizepicks.com/resources/how-to-play-prizepicks (last visited June 10, 2025)

109. PrizePicks further states that its verification tools, which, as noted above, includes location verification, are used to "comply with applicable laws":

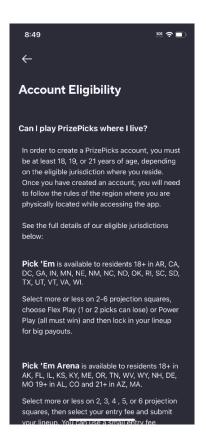
# 2. Verify your identity

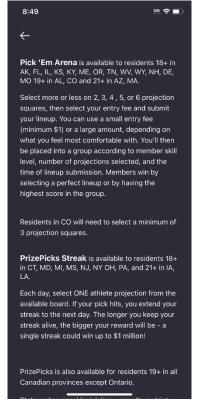
Privacy and member data protection are at the forefront of everything we do. One of the best ways to protect members is to verify their identities and confirm you are who you say you are.

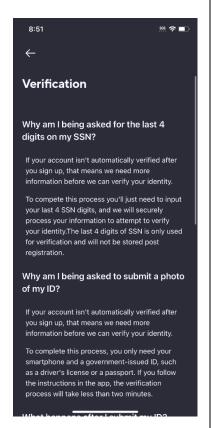
Our verification tools allow us to confirm and authenticate your identity, comply with applicable laws, and safeguard PrizePicks and its players from fraud and bad actors so that we can continuously offer our world-class single-player DFS game in the safest environment possible.

Once you correctly enter the requested information and have submitted valid legal identification you will be ready to fund your account and start playing PrizePicks If you have any issues verifying your identity or come across PrizePicks second-level identify verification please do not hesitate to reach out to our 24/7 customer support HERE to help finish getting your account set up.

110. Similar representations are made on the mobile apps. For example, PrizePicks includes state specific age requirements and represents that account verification is needed in order to "follow the rules of the region where you are physically located while accessing the app:"







111. Put simply, PrizePicks intentionally and strategically leads—in fact, misleads—consumers into believing that its operation of the Gambling Websites in California is legal.

112. It is not.

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# E. Plaintiffs' Experiences.

## 1. Plaintiff Justin Franks' Experience.

- 113. At all times relevant to this action, including at all times since creating an account with PrizePicks, Plaintiff Justin Franks has resided in San Francisco, California.
- 114. In or about 2020, in response to advertisements he saw on social media while residing in San Francisco, California, Plaintiff Justin Franks created an account with PrizePicks. PrizePicks represented to Plaintiff Franks that the products and services it offered in California were legal.
- 115. Since that time, PrizePicks has continued to represent to Plaintiff Franks including on the Gambling Websites themselves—that its services are legal in California.
- 116. In setting up and using his PrizePicks account, Plaintiff Franks expressly relied upon PrizePicks' representations that the services it provides in California are legal.
- 117. If PrizePicks had honestly and accurately disclosed the unlawful nature of its gambling operations in California, Plaintiff Franks would not have created an account with PrizePicks in California and would not have placed bets while in California through the PrizePicks Gambling Websites.
- 118. Since December of 2023 Plaintiff Franks, has lost over \$1,000 to PrizePicks while in California.
- 119. If PrizePicks had not solicited bets and wagers from Plaintiff Franks while representing that such activities were legal (when, unknown to Plaintiff Franks at the time, they in fact were not legal), he would not have made any of those bets or wagers and would not have paid any money to PrizePicks.
- 120. Among other gambling options offered by PrizePicks in California, Plaintiff Franks has played Pick 'Em while in California and lost money to PrizePicks.
- 121. In Plaintiff Franks' experience, PrizePicks serves as the "house," setting the betting lines, taking bets and wagers from all users, documenting (i.e., "booking") those bets, using its records to determine "winners" and "losers," and eventually paying out the winners.

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- 122. While Plaintiff Franks has now discontinued the use of PrizePicks while in California, he remains interested in online gambling in California, and if it becomes legal, he would continue to gamble online in California. Plaintiff Justin Franks may be tricked by PrizePicks in the future into engaging in unlawful gambling in California if PrizePicks continues to claim that its practices are legal.
- Plaintiff Franks' sole reason for setting up an account with PrizePicks and 123. purportedly consenting to PrizePicks' terms of service (which he did not review and was not aware he was purportedly agreeing to at the time of account creation or otherwise) was to gain access to the gambling services in California offered by PrizePicks that he now understands violate California law.
- 124. Said differently, to the extent a contract was formed between Plaintiff Franks and PrizePicks, the sole purpose of the contract was to facilitate the unlawful gambling activities that are at issue in this Complaint.
- 125. Accordingly, Plaintiff Franks' contract with PrizePicks (to the extent any such contract was otherwise ever formed), is void (and was void ab initio) pursuant to, among other authorities, California Civil Code Section 1667, which makes contracts invalid where the contract is: "1. Contrary to an express provision of law; 2. Contrary to the policy of express law, though not expressly prohibited; or 3. Otherwise contrary to good morals."

#### 2. Plaintiff Jack Bacigalupi's Experience.

- 126. At all times relevant to this action, including at all times within the past four years, Plaintiff Jack Bacigalupi has resided in San Francisco, California.
- 127. In or about 2022, in response to PrizePicks advertisements he had seen on social media while in San Francisco, California, Plaintiff Bacigalupi created an account with PrizePicks. PrizePicks represented to Plaintiff Bacigalupi that the products and services it offered in California were legal.
- 128. Since that time, PrizePicks has continued to represent to Plaintiff Bacigalupi including on the Gambling Websites themselves—that its services are legal in California.

- 129. In setting up and using his PrizePicks account, Plaintiff Bacigalupi expressly relied upon PrizePicks' representations that the services it provides in California are legal.
- 130. If PrizePicks had honestly and accurately disclosed the unlawful nature of its gambling operations in California, Plaintiff Bacigalupi would not have created an account with PrizePicks in California and would not have placed bets while in California through the PrizePicks Gambling Websites.
- 131. For example, in October of 2024, relying on PrizePicks representations, Plaintiff Bacigalupi, while in San Francisco California, lost several hundred dollars betting on NFL Pick 'Em contests hosted by PrizePicks on the Gambling Websites.
- 132. If PrizePicks had not solicited bets and wagers from Plaintiff Bacigalupi while representing that such activities were legal (when, unknown to Plaintiff Bacigalupi at the time, they in fact were not legal), he would not have made any of those bets or wagers and would not have paid any money to PrizePicks.
- 133. In Plaintiff Bacigalupi's experience, PrizePicks serves as the "house," setting the betting lines, taking bets and wagers from all users, documenting (i.e., "booking") those bets, using its records to determine "winners" and "losers," and eventually paying out the winners.
- 134. While Plaintiff Bacigalupi has now discontinued the use of PrizePicks while in California, he remains interested in online gambling in California, and if it becomes legal, he would continue to gamble online in California. Plaintiff Bacigalupi may be tricked by PrizePicks in the future into engaging in unlawful gambling in California if PrizePicks continues to claim that its practices are legal.
- 135. Plaintiff Bacigalupi's sole reason for setting up an account with PrizePicks and purportedly consenting to PrizePicks' terms of service (which he did not review and was not aware he was purportedly agreeing to at the time of account creation or otherwise) was to gain access to the gambling services in California offered by PrizePicks that he now understands violate California law.

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<sup>34</sup> Plaintiffs expressly reserve their right to contest the PrizePicks Terms of Service on additional and separate grounds in response to any motion brought by PrizePicks or otherwise.

136. Said differently, to the extent a contract was formed between Plaintiff Bacigalupi and PrizePicks, the sole purpose of the contract was to facilitate the unlawful gambling activities that are at issue in this Complaint.

137. Accordingly, Plaintiff Bacigalupi's contract with PrizePicks (to the extent any such contract was otherwise ever formed), is void (and was void *ab initio*) pursuant to, among other authorities, California Civil Code Section 1667, which makes contracts invalid where the contract is: "1. Contrary to an express provision of law; 2. Contrary to the policy of express law, though not expressly prohibited; or 3. Otherwise contrary to good morals."

### F. Plaintiffs' Claims Are Not Subject to Arbitration.

138. Plaintiffs' sole reason for setting up an account with PrizePicks and purportedly consenting to PrizePicks' terms of service (which they did not review and were not aware they were purportedly agreeing to at the time of account creation or otherwise) was to gain access to the gambling services in California offered by PrizePicks that they now understand violate California law.

139. Said differently, to the extent a contract was formed between Plaintiffs, respectively, and PrizePicks, the sole purpose of the contract was to facilitate the unlawful gambling activities that are at issue in this Complaint.

140. Accordingly, Plaintiffs' respective contracts with PrizePicks (to the extent any such contracts were otherwise ever formed), are void (and were void *ab initio*) pursuant to, among other authorities, California Civil Code Section 1667, which makes contracts invalid where the contract is: "1. Contrary to an express provision of law; 2. Contrary to the policy of express law, though not expressly prohibited; or 3. Otherwise contrary to good morals."<sup>34</sup>

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141. Moreover, even if a contract were formed (and it was not), by the express terms of that contract, "claim[s] for equitable relief" are "not subject to the Agreement to Arbitrate":

> Exceptions to Arbitration. You and PrizePicks agree that the following claims are not subject to the Agreement to Arbitrate: (a) any claim seeking to enforce or protect, or concerning the validity of, any of PrizePicks' intellectual property rights; (b) any claim brought by PrizePicks related to, or arising from, allegations of your piracy [sic] or invasion of privacy; and (c) any claim for equitable relief. In addition to the foregoing, PrizePicks may assert an individual action as described in Section 23.1.

PrizePicks Terms of Service dated January 6, 2025 at ¶ 23.2 (emphasis added).<sup>35</sup>

In this Action, Plaintiffs expressly only allege claims for equitable relief, as reflected in Section VII, below, and accordingly, their claims are not subject to arbitration.

#### G. PrizePicks' Affirmative Misrepresentations Have Tolled the Statute of Limitations.

- As detailed above, PrizePicks has consistently and explicitly represented to the public and its customers, including Plaintiffs and the Class (as defined below), that its operation of the Gambling Websites in California is permissible and legal.
- Among other things, PrizePicks has held itself out as being an expert on gambling law and regulations, and induced Plaintiffs and the Class to rely on its affirmative false representations and statements in order to secure Plaintiffs' and the Class's use of the Gambling Websites and to keep Plaintiffs and the Class using the unlawful Gambling Websites in California.
- As a direct and proximate result of PrizePicks' affirmative misrepresentations and 145. statements, Plaintiffs and the Class had no reason to believe that operation of the Gambling Websites was unlawful. In fact, just the opposite. They trusted and relied upon the purported expertise of PrizePicks, "the largest daily fantasy sports operator in North America," in California gambling law and regulation.
- 146. Plaintiffs and the Class were unable to discover—and in fact, did not discover—the true and unlawful nature of the Gambling Websites on their own, as, on information and belief,

<sup>35</sup> Available online at https://www.prizepicks.com/help-center/terms-of-service (last visited June 10, 2025).

https://www.prizepicks.com/press-news/prizepicks-teams-up-with-the-san-francisco-giants-asofficial-daily-fantasy-sports-partner (last visited June 10, 2025).

PrizePicks and others in the online gambling industry have inundated the internet and other publicly available resources (e.g., news articles and legal blogs) with claims that daily fantasy sports betting contests and other betting contests, like Pick 'Em, are legal in California.

147. When Plaintiffs did finally learn the true unlawful nature of the Gambling Websites' operation in or about June of 2025, Plaintiffs promptly filed this lawsuit.

## H. PrizePicks Acted with Malice, Oppression, and Fraud.

- 148. As detailed in this Complaint, PrizePicks has acted with malice, oppression, and fraud.
- 149. PrizePicks acted with malice, because, among other reasons and as otherwise detailed in this Complaint, PrizePicks' conduct was despicable and was done with a willful and knowing disregard of the rights of the public, Plaintiffs, and the Class (as defined below) because PrizePicks knew (or should have known) that its gambling operations in California were illegal, but despite that induced Plaintiffs and the Class to gamble and lose money through its Gambling Websites while in California. As the California legislature has repeatedly made clear, "no person in this state has a right to operate a gambling enterprise except as may be expressly permitted by the laws of this state." Cal. Bus. & Prof. Code § 19801(d).
- 150. PrizePicks' conduct was oppressive because, among other reasons and as otherwise detailed in this Complaint, it was despicable and subjected Plaintiffs and the Class to cruel and unjust hardship in knowing disregard of their rights, including by falsely inducing them to lose significant sums of money through the illegal gambling enterprise that PrizePicks held out as being legal in California.
- 151. PrizePicks' conduct was fraudulent, because, among other reasons and as otherwise detailed in this Complaint, PrizePicks intentionally misrepresented and concealed the true nature of its unlawful gambling enterprise from Plaintiffs and the Class by affirmatively representing that the Gambling Websites and associated contests were legal in California when PrizePicks knew (or should have known) that such contests were not.

### VI. <u>CLASS ALLEGATIONS</u>

- 152. This action is brought and may properly proceed as a class action pursuant to Federal Rule of Civil Procedure Rule 23, including, without limitation, Sections (b)(1), (b)(2), and (b)(3) of Rule 23.
  - 153. Plaintiffs seek certification of the following class (the "Class"):

    All residents of California who placed a bet or wager on the Gambling Websites while in California.
- 154. The following people are excluded from the Class: (1) any Judge or Magistrate presiding over this action, members of their staffs (including judicial clerks), and members of their families; (2) Defendants, Defendants' subsidiaries, parents, successors, predecessors, and any entity in which the Defendants or its parents have a controlling interest, and their current or former employees, officers and directors; (3) persons who properly execute and file a timely request for exclusion from the Class; (4) persons whose claims in this matter have been finally adjudicated on the merits or otherwise released; (5) Plaintiffs' counsel and Defendants' counsel, and non-attorney employees of their firms; and (6) the legal representatives, successors, and assigns of any such excluded persons.
- 155. PrizePicks' practices have resulted in actual injury and harm to the Class members in the amount of deposits made with PrizePicks and/or losses incurred on the Gambling Websites for bets or wagers placed while in California.
- 156. Plaintiffs explicitly reserve their right to amend, add to, modify, and/or otherwise change the proposed class definition as discovery in this action progresses.
- 157. **Numerosity.** Plaintiffs are informed and believe that there are hundreds of thousands or potentially millions of members of the Class. The Class is so large that the joinder of all of its members is impracticable. The exact number of members of the Class can be determined from information in the possession and control of PrizePicks.
- 158. **Commonality.** PrizePicks has acted or refused to act on grounds that apply generally to the Class. Absent certification of the Class, the relief sought herein creates the

1	possibility of inconsistent judgments and/or obligations imposed on PrizePicks and/or Plaintiffs					
2	and the Class. Numerous common issues of fact and law exist, including, without limitation:					
3	a.	What gambling contests PrizePicks offers in California.				
4	b.	What mediums (e.g., website, app, in person, etc.) PrizePicks offers its				
5		gambling contests through in California.				
6	c.	The dates and number of gambling contests offered by PrizePicks in				
7		California.				
8	d.	Whether PrizePicks violates California Penal Code Section 319 by operating				
9		the Gambling Websites in California and allowing California residents to				
10		place bets and wagers on the Gambling Websites.				
11	e.	Whether PrizePicks violates California Penal Code Section 320 by operating				
12		the Gambling Websites in California and allowing California residents to				
13		place bets and wagers on the Gambling Websites.				
14	f.	Whether PrizePicks violates California Penal Code Section 321 by operating				
15		the Gambling Websites in California and allowing California residents to				
16		place bets and wagers on the Gambling Websites.				
17	g.	Whether PrizePicks violates California Penal Code Section 330 by operating				
18		the Gambling Websites in California and allowing California residents to				
19		place bets and wagers on the Gambling Websites.				
20	h.	Whether PrizePicks violates California Penal Code Section 330a by				
21		operating the Gambling Websites in California and allowing California				
22		residents to place bets and wagers on the Gambling Websites.				
23	i.	Whether PrizePicks violates California Penal Code Section 337a by				
24		operating the Gambling Websites in California and allowing California				
25		residents to place bets and wagers on the Gambling Websites.				
26	j.	Whether PrizePicks violates any additional sections of the California Penal				
27		Code or other applicable California law and/or regulation by operating the				
28						
		-44-				

1		Gambling Websites in California and allowing California residents to place				
2		bets and wagers on the Gambling Websites.				
3	k.	Whether PrizePicks' violations of the California Penal Code give rise to				
4		liability under California's unfair competition law.				
5	1.	Whether PrizePicks is a "person" within the meaning of Section 1761(c) of				
6		the California Consumer Legal Remedies Act ("CLRA").				
7	m.	Whether Plaintiffs are "consumers" within the meaning of Section 1761(d)				
8		of the CLRA.				
9	n.	Whether PrizePicks' practices violate the following CLRA Sections, among				
10		others:				
11		i. "Misrepresenting the source, sponsorship, approval, or certification				
12		of goods or services" (a)(2);				
13		ii. "Misrepresenting the affiliation, connection, or association with, or				
14		certification by, another" (a)(3);				
15		iii. "Representing that goods or services have sponsorship, approval,				
16		characteristics, ingredients, uses, benefits, or quantities that they do not				
17		have or that a person has a sponsorship, approval, status, affiliation, or				
18		connection that the person does not have" (a)(5);				
19		iv. "Representing that goods or services are of a particular standard,				
20		quality, or grade, or that goods are of a particular style or model, if they are				
21		of another" (a)(7);				
22		v. "Representing that a transaction confers or involves rights, remedies,				
23		or obligations that it does not have or involve, or that are prohibited by law"				
24		(a)(14);				
25		vi. "Representing that the consumer will receive a rebate, discount, or				
26		other economic benefit, if the earning of the benefit is contingent on an				
27		event to occur subsequent to the consummation of the transaction" (a)(17);				
28		and				
		-45-				

- vii. "Inserting an unconscionable provision in the contract" (a)(19).
- o. Whether PrizePicks' operation of the Gambling Websites should be enjoined in California.
- p. The appropriate equitable monetary model for calculating equitable restitution and/or equitable disgorgement.
- q. Whether PrizePicks' affirmative misrepresentations that the Gambling Websites are legal tolled any otherwise applicable statutes of limitations.
- r. Whether any subset of claims held by the Class are barred by the statute of limitations.
- 159. **Predominance.** These common issues predominate over individualized inquiries in this action because PrizePicks' liability can be established as to all members of the Class as discussed herein.
- 160. **Typicality.** Plaintiffs' claims against PrizePicks and experience with PrizePicks are typical, if not identical, to the claims and experiences of members of the Class because, among other reasons, Plaintiffs' claims arise from PrizePicks' practices that are applicable to the entire Class.
- 161. Adequacy. Plaintiffs will fairly and adequately represent and protect the interests of the Class and have retained counsel competent and experienced in complex litigation and class actions. Plaintiffs' claims are representative of the claims of the other members of the Class, as Plaintiffs and each member of the Class lost money to PrizePicks. Plaintiffs also have no interests antagonistic to those of the Class, and PrizePicks has no defenses unique to Plaintiffs. Plaintiffs and their counsel are committed to vigorously prosecuting this action on behalf of the Class and have the financial resources to do so. Neither Plaintiffs nor their counsel have any interest adverse to the Class.
- 162. **Superiority.** There are substantial benefits to proceeding as a class action that render proceeding as a class action superior to any alternatives, including that it will provide a realistic means for members of the Class to receive equitable monetary relief; the equitable monetary relief suffered by members of the Class may be relatively small; it would be substantially

less burdensome on the courts and the parties than numerous individual proceedings; many members of the Class may be unaware that they have equitable recourse for the conduct alleged herein; and because issues common to members of the Class can be effectively managed in a single proceeding. Plaintiffs and their counsel know of no difficulty that could be encountered in the management of this litigation that would preclude its maintenance as a class action.

163. Plaintiffs reserve the right to revise each of the foregoing allegations based on facts learned through additional investigation and in discovery.

### VII. <u>CAUSES OF ACTION</u>

- A. First Cause of Action: Violation of California's Unfair Competition Law, Cal. Bus. & Prof. Code §§ 17200 et seq., ("UCL") on Behalf of Plaintiffs and the Class.
- 164. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 163, inclusive, of this Complaint.
  - 165. PrizePicks, Plaintiffs, and Class are "persons" within the meaning of the UCL.
- 166. The UCL prohibits any "unlawful, unfair or fraudulent business act or practice," each of which is separately actionable.
- 167. PrizePicks' practices of operating the Gambling Websites within California are "unlawful" within the meaning of the UCL because, among other things, the operation of the Gambling Websites violates California Penal Code Sections 319, 320, 321, 330, 330a, 337a, and 337j because, among other reasons, in the course of business and in the course of trade and commerce, PrizePicks has:
  - a. Operated illegal lotteries and/or games of chance in violation of Penal Code Sections 319, 320, 321, 330a, and 337j by operating the Gambling Websites and Pick 'Em contests in California.<sup>37</sup>

<sup>&</sup>lt;sup>37</sup> Plaintiffs note that they are specifically authorized by Federal Rule of Civil Procedure Rule 8(d)(2) to make their allegations in the alternative, and accordingly, allege that the gambling contests offered in California by PrizePicks constitute games of "chance' for purposes of those Penal Code Sections that prohibit lotteries and/or other games of chance, and constitute games of skill, to the extent skill is found to be a necessary element of certain claims made under Penal Code Section 337a or otherwise.

- b. Operated banking and/or percentage gambling games in violation of Penal Code Section 330 by operating the Gambling Websites and Pick 'Em contests in California.
- Engaged in pool selling in violation of Penal Code Section 337(a)(1)
   by operating the Gambling Websites and Pick 'Em contests in California.<sup>38</sup>
- d. Engaged in bookmaking in violation of Penal Code Section 337(a)(1)
   by operating the Gambling Websites and Pick 'Em contests in California.
- e. Violated Penal Code Section 337(a)(3) by "receiv[ing], hold[ing], or forward[ing]... money... staked, pledged, bet or wagered..upon the result, or purported result, of any trial, or purported trial, or contest, or purported contest, of skill, speed or power of endurance of person or animal, or between persons, animals, or mechanical apparatus, or upon the result, or purported result, of any lot, chance, casualty, unknown or contingent event whatsoever" by operating the Gambling Websites and Pick 'Em contests in California.
- f. Violated Penal Code Section 337(a)(4) by "record[ing], or register[ing] any bet or bets, wager or wagers, upon the result . . . of any trial, or purported trial, or contest, or purported contest, of skill, speed or power of endurance of person or animal, or between persons, animals, or mechanical apparatus, or upon the result, or purported result, of any lot, chance, casualty, unknown or contingent event whatsoever" by operating the Gambling Websites and Pick 'Em contests in California.

<sup>&</sup>lt;sup>38</sup> Plaintiffs expressly state their allegation of "pool selling" as an alternative to their "banking game" allegation, to the extent there is any inconsistency between these allegations.

g.

- Violated Penal Code Section 337(a)(6) by "[o]ffer[ing] or accept[ing] any bet or bets, or wager or wagers, upon the result . . . of any trial, or purported trial, or contest, or purported contest, of skill, speed or power of endurance of person or animal, or between persons, animals, or mechanical apparatus" by operating the Gambling Websites and Pick 'Em contests in California.
- 168. PrizePicks' operation of the Gambling Websites and Pick 'Em contests within California is also unlawful within the meaning of the UCL because PrizePicks has violated the CLRA, as alleged in the Second Cause of Action, below.
- 169. PrizePicks' operation of the Gambling Websites and Pick 'Em contests within California is also unlawful within the meaning of the UCL because PrizePicks has violated the California Business and Professions Code, because "no person in this state has a right to operate a gambling enterprise except as may be expressly permitted by the laws of this state." Cal. Bus. & Prof. Code § 19801(d).
- 170. The acts and practices of PrizePicks as alleged herein also constitute "unfair" business acts and practices under the UCL because PrizePicks' conduct is unconscionable, immoral, deceptive, unfair, illegal, unethical, oppressive, and/or unscrupulous. Further, the gravity of PrizePicks' conduct outweighs any conceivable benefit of such conduct.
- 171. PrizePicks has, in the course of business and in the course of trade or commerce, undertaken and engaged in unfair business acts and practices by tricking consumers into believing operation of the Gambling Websites and Pick 'Em contests are lawful in California, when in fact, they are not, causing Plaintiffs and the Class to be tricked out of tens of millions of dollars.
- 172. Plaintiffs and the Class have suffered injury in fact—in the form of all amounts paid to PrizePicks and/or the total of net losses on the Gambling Websites run by PrizePicks for bets placed within California—as a result of PrizePicks' unlawful and unfair business acts and practices and are at substantial risk of continuing to lose money and be injured by those acts and practices if the practices are not enjoined.

- 173. Plaintiffs seek all available *equitable* remedies under the UCL and expressly state that they do not seek any non-equitable remedies. Specifically, Plaintiffs and the Class seek an order providing equitable restitution and/or equitable disgorgement in the form of all amounts paid to PrizePicks by Plaintiffs and the Class and/or the total of net losses on the Gambling Websites by Plaintiffs and the Class for bets placed within California.
  - 174. Plaintiffs further seek an equitable order enjoining the unlawful practices.
- 175. To the extent found to be available in a claim at equity, Plaintiffs and the Class further seek their attorneys' fees and costs pursuant to California Code of Civil Procedure Section 1021.5 because Plaintiffs and the Class seek to enforce "an important right affecting the public interest" in bringing this equitable claim.
- B. Second Cause of Action: Violation of California's Consumer Legal Remedies Act, California Civil Code §§ 1750 et seq., on Behalf of Plaintiffs and the Class.
- 176. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 163, inclusive, of this Complaint.
- 177. At all relevant times, Plaintiffs and Class members were "consumers" within the meaning of the CLRA, as they were individuals seeking or acquiring, by purchase or lease, goods or services for personal, family, or household purposes.
- 178. PrizePicks' actions and conduct constituted transactions for the sale or lease of goods or services to consumers under the terms of the CLRA, namely the selling of the unlawful gambling goods and services that are at issue in this action through the Gambling Websites.
  - 179. PrizePicks violated the CLRA by, among other things:
    - a. "Misrepresenting the source, sponsorship, approval, or certification of goods or services" (a)(2);
    - b. "Misrepresenting the affiliation, connection, or association with, or certification by, another" (a)(3);
    - c. "Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have

1		or that a person has a sponsorship, approval, status, affiliation, or connection						
2		that the person does not have" (a)(5);						
3		d. "Representing that goods or services are of a particular standard, quality, or						
4		grade, or that goods are of a particular style or model, if they are of another"						
5		(a)(7);						
6		e. "Representing that a transaction confers or involves rights, remedies, or						
7		obligations that it does not have or involve, or that are prohibited by law"						
8		(a)(14);						
9		f. "Representing that the consumer will receive a rebate, discount, or other						
10		economic benefit, if the earning of the benefit is contingent on an event to						
11		occur subsequent to the consummation of the transaction" (a)(17); and						
12		g. "Inserting an unconscionable provision in the contract" (a)(19).						
13	180.	PrizePicks' actions and misrepresentations were material, and PrizePicks' violations						
14	of the CLRA were a substantial factor in causing Plaintiffs and the Class to lose money.							
15	181.	181. As a direct and proximate consequence of these actions, Plaintiffs and the Class						
16	suffered injur	red injury.						
17	182.	PrizePicks' conduct was malicious, fraudulent, and wanton in that it intentionally						
18	and knowingly provided misleading information to Plaintiffs and the Class for Defendants' own							
19	benefit to the	benefit to the detriment of Plaintiffs and the Class.						
20	183. The CLRA provides robust enforcement tools for consumers, including:							
21		a. Prohibiting the waiver of any substantive rights provided for under the						
22		CLRA. Id. § 1750						
23		b. Requiring that the CLRA "shall be liberally construed and applied to						
24		promote its underlying purposes, which are to protect consumers against						
25		unfair and deceptive business practices and to provide efficient and						
26		economical procedures to secure such protection." Id. § 1760.						
27		c. Establishing a substantive right to litigate in the forum where the transaction						
28		occurred. Id. § 1780(d).						
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	CLASS ACTION COMPLAINT AND DEMAND FOR JURY TRIAL							

ĺ	Case 3:25-cv-0491	6-LJC	Document 1	Filed 06/11/25	Page 53 of 54						
1	g. Awarding pre- and post-judgement interest on any equitable monetary										
2	recovery to extent allowed at equity; and										
3	h.	Providi	ng such further	equitable relief as t	this Court may deem just						
4		and pro	per.								
5											
6	Respectfully submitted	ed,									
7	D . 1 1 11 2025		D	//W.1.14.6	.00.1						
8	Dated: June 11, 2025		Ву	: <u>/s/ Wesley M. Gr</u> Wesley M. Griffit	th, SBN 286390						
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15				Counsel for Plain	tiffs and the Proposed Class						
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# IX. **DEMAND FOR TRIAL BY JURY** 1 Plaintiffs, on behalf of themselves and the putative Class, hereby respectfully demand a trial 2 by jury on all claims for which a jury trial is available. 3 4 Dated: June 11, 2025 By: /s/ Wesley M. Griffith 5 Wesley M. Griffith, SBN 286390 ALMEIDA LAW GROUP LLC 6 3550 Watt Ave, Suite 140 Sacramento, CA 95821 7 Telephone: 530-490-3178 E-mail: wes@almeidalawgroup.com 8 Christopher Nienhaus, pro hac vice to be filed 9 ALMEIDA LAW GROUP LLC 849 W. Webster Ave 10 Chicago, IL 60614 Telephone: 708-529-5418 11 E-mail: <a href="mailto:chris@almeidalawgroup.com">chris@almeidalawgroup.com</a> 12 Counsel for Plaintiffs and the Proposed Class 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 -54-